



DONALD L. WOLFE, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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July 6, 2006

IN REPLY PLEASE
REFER TO FILE: **PJ-2**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LAC+USC MEDICAL CENTER REPLACEMENT PROJECT
APPROVAL OF VARIOUS SUPPLEMENTAL AGREEMENTS
KLEINFELDER, INC., AND MANAGEMENT SPECIALTY SERVICES, INC.
AGREEMENTS PW-12231 AND PW-11847; C.P. 70787
SUPERVISORIAL DISTRICT 1
3 VOTES**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER THAT
YOUR BOARD:**

Award and authorize the Director of Public Works to execute the following Supplemental Agreements:

1. Supplemental Agreement 1 to Consultant Services Agreement PW-12231 with Kleinfelder, Inc., to provide continued inspector of record services for a \$950,000 not-to-exceed amount.
2. Supplemental Agreement 1 to Consultant Services Agreement PW-11847 with Management Specialty Services, Inc. (MSS), to provide continued administrative and document control support services for a \$900,000 not-to-exceed amount.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommended action will provide sufficient funding for both Kleinfelder and MSS to continue providing professional services through completion of the replacement project.

Kleinfelder, Inc. - Supplemental Agreement 1

On October 3, 2000, your Board awarded Agreement PW-12231 to Kleinfelder for \$4,372,936 to provide inspection services for the project. Since execution of this Agreement, several factors have increased Kleinfelder's projected staff costs for services beyond those originally anticipated:

- The Office of Statewide Health Planning and Development has become more stringent in the types of issues and changes that require Post Approval Documentation (PAD). PADs consist of instructional bulletins and/or change orders that document changes with any necessary plans, details, calculations, specifications, and construction change cost estimates. These PADs need to be reviewed by the inspectors and coordinated into their documents to insure proper field inspections. The increase in required PAD is over and above historical precedent and has required the Inspector of Record to provide significantly more staff in the administration of these documents.
- The project construction schedule and the time period during which Kleinfelder is required to provide services has been extended for reasons beyond Kleinfelder's control. These extensions were attributed to an extended site preparation phase when Kleinfelder was providing inspection for grading, shoring, and site utilities; an extended bid period; higher than normal rainfall; and the California wildfires experienced in 2004 that closed down the project's steel fabrication plant and delayed construction and construction-related services.
- Key members of Kleinfelder's inspection staff resigned and were replaced at current competitive labor rates, which were higher rates than the anticipated cost of living increases included in the Agreement. The impact reduced the available funds within the Agreement by requiring Kleinfelder to pay more than originally proposed for equally qualified individuals to replace those resigning.

Management Specialty Services, Inc. – Supplement Agreement 1

On June 16, 1998, your Board awarded Agreement PW-11847 to MSS for \$5,400,000 to provide administrative and document control support services and staff for the LAC+USC Medical Center Replacement Project. Delays associated with both preconstruction and construction activities beyond MSS' control as well as requests for staffing and support services at levels beyond what was originally projected for the Agreement have depleted the remaining Agreement funds. Had the original construction completion date remained in 2006, the remaining funds would have been sufficient for MSS to provide uninterrupted support to the project team. However, with the construction completion date now in 2007, the remaining Agreement funds will not be sufficient to continue the required level of support through the construction completion and project closeout.

Construction Schedule

The current completion date in the Construction Contract is April 26, 2007. However, when your Board approved a change order to settle disputed issues with McCarthy/Clark/Hunt (MCH) on November 1, 2005, it was stated that MCH was reflecting 43 days of delay in their schedule, and if MCH failed to recover this delay, the County waived its rights to recover liquidated damages. Since then, MCH has recovered 3 of the 43 days. If MCH does not recover the remaining 40 days, it would extend the construction completion date to June 5, 2007. Because of this possibility, the recommended Supplemental Agreements with Kleinfelder and MSS are based on a June 2007 completion schedule.

Implementation of Strategic Plan Goals

This action meets the County Strategic Plan Goal of Fiscal Responsibility as the proposed action will help to insure the proper resources are available for a successful investment in public infrastructure.

FISCAL IMPACT/FINANCING

On April 11, 2006, your Board approved a revised total project budget of \$829,886,000. The project budget is funded from the combination of Federal Emergency Management Agency grant and short- and long-term borrowing. Approval of this action will not require an increase to the project budget. Sufficient funds are available in the approved total project budget for these Supplemental Agreements.

The recommended Supplemental Agreements will bring the total Agreement amounts to \$4,622,936 with Kleinfelder for inspection services and \$6,300,000 with MSS for administrative and document control support services. The recommended supplements will be funded from existing contingency funds already included in the current project budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

A standard Supplemental Agreement, in the form previously approved by County Counsel, will be used. The existing Agreements with both Kleinfelder and MSS include the standard Board-directed clauses that provide for Contract termination, renegotiation, hiring qualified displaced County employees, and consideration of Greater Avenues for Independence Program/General Relief Opportunity for Work participants for future employment. The Supplemental Agreements will require Kleinfelder and MSS to fully comply with Los Angeles County Code Chapter 2.200 (Child Support Compliance Program) and Chapter 2.203 (Contractor Employee Jury Services Program). The Supplemental Agreements will require that the contractor notify its employees, and shall require each subcontractor to notify its employees, about Board Policy 5.135 (Safely Surrendered Baby Law) and that they may be eligible for the Federal Earned Income Credit under Federal income tax laws.

ENVIRONMENTAL DOCUMENTATION

On June 6, 2000, your Board certified the Environmental Impact Report/Environmental Assessment for the project. Approval of this action does not result in any environmental impacts not already considered in those environmental documents.

CONTRACTING PROCESS

Kleinfelder, Inc. - Supplemental Agreement 1

On October 3, 2000, your Board awarded Agreement PW-12231 to Kleinfelder for \$4,372,936 to provide inspection services for the project. We are now recommending award of Supplemental Agreement 1 for a \$950,000 not-to-exceed fee with Kleinfelder. This Supplemental Agreement will bring the total Agreement amount to \$5,322,936, which is an increase of approximately 21.72 percent to the original Agreement.

Management Specialty Services, Inc. – Supplement Agreement 1

On June 16, 1998, your Board authorized Agreement PW-11847 for \$5,400,000 with MSS to provide administrative and document control support services for the project. We are now recommending award of Supplemental Agreement 1 for a \$900,000 not-to-exceed fee with MSS. This Supplemental Agreement will bring the total Agreement amount to \$6,300,000, which is an increase of approximately 16.67 percent to the original Agreement.

The recommended fees are considered appropriate for the work involved and are consistent with the County's standards for work of similar complexity and scope.

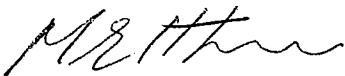
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

We have reviewed this issue with the Project Advisory Committee. Please return an adopted copy of this letter to the Chief Administrative Office (Capital Projects Division) and Public Works.

Respectfully submitted,



for DONALD L. WOLFE
Director of Public Works

DAVID E. JANSSEN
Chief Administrative Officer

RLB:pdw

Kleinfelder-MSS SA 1- Board Letter Draft 16.doc

cc: County Counsel
Department of Health Services (Fred Leaf)
Project Advisory Committee (A. Redmond Doms, Jerry Epstein, Nick Patsaouras)
Department of Public Social Services (GAIN/GROW Program)